



House of Representatives

General Assembly

File No. 463

February Session, 2002

Substitute House Bill No. 5057

House of Representatives, April 12, 2002

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT INCREASING THE MINIMUM WAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (j) of section 31-58 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2002*):

4 (j) "Minimum fair wage" in any industry or occupation in this state
5 means a wage of not less than [two dollars and sixty-six cents per
6 hour, and effective January 1, 1979, not less than two dollars and
7 ninety-one cents per hour, and effective January 1, 1980, not less than
8 three dollars and twelve cents per hour, and effective January 1, 1981,
9 not less than three dollars and thirty-seven cents per hour, and
10 effective October 1, 1987, not less than three dollars and seventy-five
11 cents per hour, and effective October 1, 1988, not less than four dollars
12 and twenty-five cents per hour, and effective January 1, 1999, not less
13 than five dollars and sixty-five cents per hour, and effective January 1,
14 2000, not less than six dollars and fifteen cents per hour, and effective

15 January 1, 2001, not less than six dollars and forty cents per hour, and
16 effective January 1, 2002,] six dollars and seventy cents per hour, and
17 effective January 1, 2003, not less than six dollars and ninety cents per
18 hour, and effective January 1, 2004, not less than seven dollars and ten
19 cents per hour, or one-half of one per cent rounded to the nearest
20 whole cent more than the highest federal minimum wage, whichever is
21 greater, except as may otherwise be established in accordance with the
22 provisions of this part. All wage orders in effect on October 1, 1971,
23 wherein a lower minimum fair wage has been established, are
24 amended to provide for the payment of the minimum fair wage herein
25 established except as hereinafter provided. Whenever the highest
26 federal minimum wage is increased, the minimum fair wage
27 established under this part shall be increased to the amount of said
28 federal minimum wage plus one-half of one per cent more than said
29 federal rate, rounded to the nearest whole cent, effective on the same
30 date as the increase in the highest federal minimum wage, and shall
31 apply to all wage orders and administrative regulations then in force.
32 The rates for learners, beginners, and persons under the age of
33 eighteen years shall be not less than eighty-five per cent of the
34 minimum fair wage for the first two hundred hours of such
35 employment and equal to the minimum fair wage thereafter, except
36 institutional training programs specifically exempted by the
37 commissioner.

38 Sec. 2. Subsection (b) of section 31-60 of the general statutes, as
39 amended by section 2 of public act 01-42, is repealed and the following
40 is substituted in lieu thereof (*Effective July 1, 2002*):

41 (b) The Labor Commissioner shall adopt such regulations, in
42 accordance with the provisions of chapter 54, as may be appropriate to
43 carry out the purposes of this part. Such regulations may include, but
44 are not limited to, regulations defining and governing an executive,
45 administrative or professional employee and outside salesperson;
46 learners and apprentices, their number, proportion and length of
47 service; piece rates in relation to time rates; and shall recognize, as part
48 of the minimum fair wage, gratuities in an amount equal to

49 twenty-three per cent of the minimum fair wage per hour for persons
50 employed in the hotel and restaurant industry, including a hotel
51 restaurant, and not to exceed thirty-five cents per hour in any other
52 industry, and shall also recognize deductions and allowances for the
53 value of board, in the amount of eighty-five cents for a full meal and
54 forty-five cents for a light meal, lodging, apparel or other items or
55 services supplied by the employer; and other special conditions or
56 circumstances which may be usual in a particular employer-employee
57 relationship. [Notwithstanding the provisions of this subsection: (1)
58 For the period commencing January 1, 2001, and ending December 31,
59 2001, such regulations shall recognize, as part of the minimum fair
60 wage, gratuities in an amount equal to (A) twenty-six per cent of the
61 minimum fair wage per hour for persons employed in the hotel and
62 restaurant industry, including a hotel restaurant, and (B) three and
63 nine-tenths per cent of the minimum fair wage per hour for persons
64 employed as bartenders who customarily and regularly receive
65 gratuities; and (2)] Notwithstanding the provisions of this subsection,
66 for the period commencing January 1, 2002, and ending [December 31,
67 2002] December 31, 2004, such regulations shall recognize, as part of
68 the minimum fair wage, gratuities in an amount equal to [(A)] (1)
69 twenty-nine and three-tenths per cent of the minimum fair wage per
70 hour for persons employed in the hotel and restaurant industry,
71 including a hotel restaurant, and [(B)] (2) eight and two-tenths per cent
72 of the minimum fair wage per hour for persons employed as
73 bartenders who customarily and regularly receive gratuities. The
74 commissioner may provide, in such regulations, modifications of the
75 minimum fair wage herein established for learners and apprentices;
76 persons under the age of eighteen years; and for such special cases or
77 classes of cases as the commissioner finds appropriate to prevent
78 curtailment of employment opportunities, avoid undue hardship and
79 safeguard the minimum fair wage herein established. Regulations in
80 effect on July 1, 1973, providing for a board deduction and allowance
81 in an amount differing from that provided in this section shall be
82 construed to be amended consistent with this section without the
83 necessity of convening a wage board or amending said regulations.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>

LAB	<i>Joint Favorable Subst. C/R</i>	PD
PD	<i>Joint Favorable C/R</i>	APP
APP	<i>Joint Favorable Subst.</i>	

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Fund-Type	Agency Affected	FY 03 \$	FY 04 \$
GF - Cost	Labor Dept.; Various	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities	FY 03 \$	FY 04 \$
Cost	All Municipalities	Minimal	Minimal

Explanation

This bill results in minimal costs to the state and municipalities beginning in FY 03. It increases the state's minimum wage from \$6.70 to \$6.90 an hour effective January 1, 2003, and to \$7.10 an hour effective January 1, 2004, (or 0.5% above the federal minimum wage, whichever is higher). The current statutes set the state minimum wage at \$6.70 per hour, or 0.5% above the federal minimum wage, whichever is higher, which took effect on January 1, 2002.

This increase in the state minimum wage will not have a direct impact on the salaries of most State and municipal employees. Virtually the only state and local workers paid wages at or below the minimum wage are summer workers, student and senior workers, and a few other part-time laborers. These costs are not anticipated to be significant, but could have an impact on a limited number of State and municipal programs (such as recreational programs) that largely utilize these types of positions. Increasing the minimum wage could result in an increase in wages to some additional public employees in lower paid positions due to the effect of "salary compression" on the wage scales. The impact is anticipated to be minimal.

An increase in the state minimum wage would also result in higher labor costs for some private sector employers, especially those in service industries. Since the State and municipalities obtain many services from the private sector, this could result in additional costs. The increase in costs cannot be determined at this time but it is not anticipated to be significant.

The Department of Labor will be able to handle the workload of adjusting the minimum wage rates within budgetary resources.

OLR Bill Analysis

sHB 5057

AN ACT INCREASING THE MINIMUM WAGE**SUMMARY:**

This bill increases the minimum wage from \$6.70 to \$6.90 as of January 1, 2003 and to \$7.10 as of January 1, 2004. In both cases, if 100.5% of the highest federal minimum wage is higher than these amounts, it becomes the minimum wage.

The bill extends, from December 31, 2002 to December 31, 2004, the sunset date of a provision, commonly called a tip credit, that gives employers an offset against the minimum wage for certain employees. By law, the credit is 29.3% of the minimum wage for people employed in the hotel and restaurant industry (whether or not they actually receive tips) and 8.2% of the minimum wage for bartenders who regularly receive tips. As a result under the bill, the minimum wage for hotel and restaurant employees is \$4.88 and \$5.02 in 2003 and 2004, respectively. For bartenders, the minimum is \$6.33 in 2003 and \$6.52 in 2004.

EFFECTIVE DATE: July 1, 2002

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference

Yea 10 Nay 4

Planning and Development Committee

Joint Favorable Change of Reference

Yea 10 Nay 7

Appropriations Committee

Joint Favorable Substitute

Yea 32 Nay 18